

1 **BEFORE THE ARIZONA CORPORATION**



2 SUSAN BITTER SMITH

Chairman

3 BOB STUMP

Commissioner

4 BOB BURNS

Commissioner

5 DOUG LITTLE

Commissioner

6 TOM FORESE

Commissioner

Arizona Corporation Commission

DOCKETED

AUG 26 2015

DOCKETED BY

8
9 IN THE MATTER OF THE APPLICATION)
10 OF TRICO ELECTRIC COOPERATIVE,)
11 INC. FOR APPROVAL OF A NEW NET)
12 METERING TARIFF, A PARTIAL WAIVER)
13 OF THE COMMISSION'S NET METERING)
14 RULES AND A REVISED AVOIDED COST)
15 RATE IN THE COMPANY'S EXISTING)
16 NET METERING TARIFF.)

DOCKET NO. E-01461A-15-0057

DECISION NO: 75226

ORDER

14 Open Meeting
15 August 18 and August 19, 2015
16 Phoenix, Arizona

17 BY THE COMMISSION:

18 FINDINGS OF FACT

19 1. Trico Electric Cooperative, Inc. ("Trico") is certificated to provide electric service as a
20 public service corporation in the State of Arizona.

21 Background

22 2. On February 26, 2015, Trico filed an application with the Commission for approval of:
23 (1) a new net metering tariff for future net metered Members; (2) a partial waiver of the Commission's
24 net metering rules; and (3) a revised avoided cost rate in Trico's existing net metering tariff (Schedule
25 NM).

26 3. On March 11, 2015, Trico filed a request for a procedural order ("Request") in
27 connection with its application. On March 19, 2015, Staff filed a Response to Trico's Request, in
28 which Staff argued that Trico's requested relief would be more appropriately addressed in a rate case.

1 Staff suggested that Trico should voluntarily withdraw all but the avoided cost portion of its
2 application. Lastly, Staff suggested that the Commission should schedule an evidentiary hearing if the
3 application is not withdrawn.

4 4. On March 26, 2015, Trico filed a reply to Staff's Response. In its reply, Trico
5 indicated that it would not withdraw any part of its application; however, it no longer objected to a
6 hearing, so long as it is not conducted in "conjunction with hearings on any other similar application."
7 On April 2, 2015, the presiding administrative law judge conducted a procedural conference, and on
8 April 3, 2015, issued a Procedural Order.

9 5. On July 6, 2015, following the submission of pre-hearing briefs, and oral argument on
10 whether Trico's application should be dismissed, Trico filed a Notice of Partial Withdrawal of
11 Application. In Trico's notice, it withdraws the portions of its application requesting a new net
12 metering tariff for future net metered Members and related partial waiver of the Commission's Net
13 Metering Rules. Trico is not withdrawing its request to update the avoided cost rate applicable to its
14 current net metering tariff.

15 6. On July 29, 2015, the Administrative Law Judge assigned to this docket, filed a
16 recommended Order to grant Trico's request for partial withdrawal of the application.

17 7. Net Metering allows electric utility customers to be compensated for generating excess
18 energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy
19 production exceeds the energy supplied by Trico during a billing period, the customer's bill for
20 subsequent billing periods is credited for the excess generation. That is, the excess kWh generated
21 during the billing period are used to reduce the kWh billed by Trico during subsequent billing periods.
22 Under Schedule NM, excess kWh is allowed to roll over in this manner to future billing periods for up
23 to one year.

24 8. Every year in October (September usage) or for a customer's final bill upon
25 discontinuance of service, Trico does not allow excess kWh to rollover. Instead, Trico credits the
26 customer for any remaining excess kWh at Trico's annual average avoided cost, which is specified in
27 Schedule NM. Arizona Administrative Code R14-2-2302(1) defines avoided costs as "the incremental
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costs to an Electric Utility for electric energy or capacity or both which, but for the purchase from the Net Metering facility, such utility would generate itself or purchase from another source."

9. Trico's Net Metering Tariff provides for the annual average avoided cost to be determined by the average wholesale fuel and energy cost per kWh charged by Trico's wholesale power suppliers during the 12-month period.

10. Trico's current approved avoided cost rate was approved on January 26, 2010, in Decision No. 71462 at \$0.04205 per kWh. Trico proposes that the rate be decreased to \$0.03662 per kWh. Staff has reviewed Trico's purchased power costs that resulted in the \$0.03662 per kWh rate and confirms that the proposed rate reflects Trico's avoided cost.

11. Therefore, Staff has recommended that Trico's proposed avoided cost rate for its Schedule NM of \$0.03662 per kWh be approved, and become effective September 1, 2015.

Recommendations

12. Staff has recommended that Trico's proposed avoided cost rate of \$0.03662 per kWh be approved.

13. Staff has further recommended that the revised avoided cost rate should be effective as of September 1, 2015.

14. Staff has further recommended that Trico be required to file, with Docket Control, a revised Schedule NM consistent with the Decision in this matter within 15 days of the effective date of the Decision.

CONCLUSIONS OF LAW

1. Trico is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Trico and over the subject matter of the application.

3. The Commission, having reviewed the application and Staff's Memorandum dated July 30, 2015, concludes that the revised avoided cost rate in Trico's Schedule NM should be approved as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that Trico Electric Cooperative, Inc.'s proposed avoided cost rate of \$0.03662 per kWh is approved.

IT IS FURTHER ORDERED that the revised avoided cost rate is effective as of September 1, 2015.

IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall file, with Docket Control, a revised Schedule NM consistent with the Decision in this matter within 15 days of the effective date of the Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION
CHAIRMAN
COMMISSIONER
COMMISSIONER
COMMISSIONER
COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 21st day of August, 2015.


JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

TMB:EMV:red\RWG

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